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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

DENNIS MONTGOMERY, and the
MONTGOMERY FAMILY TRUST,

Plaintiffs,

v.

ETREPPID TECHNOLOGIES, LLC,
WARREN TREPP, and the UNITED
STATES DEPARTMENT OF DEFENSE,

Defendants.

AND ALL RELATED MATTERS.

3:06-CV-00056-PMP-VPC
BASE FILE

3:06-CV-00145-PMP-VPC

RESPONSE OF MICHAEL FLYNN TO
THE PROPOSED STIPULATION AND
ORDER TO EXPAND THE FEBRUARY 19,
2008 ORDER

Michael Flynn agrees in principal, subject to the provisions below, to whatever process will most expedite the redaction of his files and the return of said files to him so that he may comply with existing Court Orders, particularly Orders relating to his Rule 3.3 compliance. Subject to the provisions below, Mr Flynn does not object to having Department of Justice attorneys who have been involved in these matters review his files in order to expedite the redaction process.

However, Mr. Flynn notes that all decisions, pleadings, filings and the entire course of the state secrets issues before this Court since February 19, 2008, including his decisions and pleadings, have been based upon the February 19, 2008 Order, (#435), particularly those provisions excluding other Departments and agencies of the government from reviewing said files. That Order gave Mr. Flynn some protection involving attorney client issues, from Edra Blixseth, Montgomery and Deborah Klar

1 in his efforts to cooperate with the government and resolve national security breaches by Edra Blixseth,
 2 Dennis Montgomery and Michael Sandoval - all motivated by their greed.¹ Although Klar is gone, the
 3 Liner Firm appears to be playing the same game - only it modifies its strategies each step that their
 4 clients are exposed. With the proposed stipulation and order, the government, Edra Blixseth and the
 5 Montgomery parties are changing the rules *after* Mr. Flynn's files have been voluntarily surrendered,
 6 and *before* the Montgomery/Blixseth/Sandoval/Klar files have been turned over for a similar review
 7 process. The Liner firm is attempting to secure a *stipulated* non-waiver of the privilege *by the*
 8 *government* in the review of Mr. Flynn's files

9 The proposed stipulation and order reserves to Montgomery and Blixseth the defense of the
 10 attorney client privilege by making their consent a non-waiver of the privilege in connection with the
 11 review of Mr. Flynn's files while their files continue to remain outside the review process. Thus, it
 12 interposes and provides Montgomery a new defense and dilutes the effect of the February 19, 2008
 13 Order, relied upon by Mr. Flynn, which held that the state secrets privilege trumped the attorney client
 14 privilege.

15 Remarkably, the government is going along with this process while Montgomery's (the source
 16 of the entire problem), Blixseth's, Sandoval's, Steve Crisman's, Nick Rhodes, and Deborah Klar's files
 17 remain outside the review process. Will all of their files now be reviewed subject to the same non-
 18 waiver provisions? Isolating their files from this process is not only unfair; it ignores the magnitude
 19 of the problem confronting the Court and the government:

20 Mr. Flynn's possession of state secrets ended up in sealed pleadings in this Court.

21 Montgomery's, Blixseth's, and Sandoval's possession of state secrets ended up being marketed
 22 throughout the world by them to obtain \$100 million dollars. See Timeline attached to Motion
 23 for Sanctions, (#546). This is the roadmap to the scope of the government's problems in dealing

24
 25 ¹ At the time, Mr. Flynn did not know that Edra Blixseth's billions were drying up - she still
 26 played her charade - and that she needed the \$100 million dollars from her "friends" in the Bush
 27 Administration in order to become the "Queen of the Yellowstone Club." A review of numerous recent
 28 news articles reveals that she used her Wall Street Journal contacts to widely publicize her "takeover"
 of the Yellowstone Club." She will probably use that strategy to blame others, pursue Ch. 11
 proceedings (if you believe Deborah Klar's filings in the Montana State Court) and manipulate the
 Trepp settlement. That explains, in part, the Liner Firm's dual representation of Montgomery and
 Blixseth.

1 with breaches of national security by Blixseth, Montgomery and Sandoval, notwithstanding Ms.
 2 Klar's false statements to this Court on January 22, 2008 blaming Mr. Flynn.

3 Now that the Trepp settlement has occurred, (subject, probably to Edra Blixseth's and the Liner
 4 Firm's machinations), if the government truly desires to clean up these breaches, it should go directly
 5 to the Montgomery/Blixseth/Sandoval/ Crisman/Rhodes files.²

6 The government, particularly the DOJ civil division attorneys who will now be included in the
 7 proposed expanded protocols, have known throughout these cases, at least since the Spring of 2006,
 8 (in the beginning of the search proceedings before the evidentiary hearings had commenced), of Edra
 9 Blixseth's financial involvement in matters relating to Montgomery's possession of state secrets. The
 10 government, from the President and Vice-President down to Attorney General Gonzalez, other DOJ
 11 supervisors and lawyers, to Department heads, according to Blixseth all met with and/or communicated
 12 directly with her and her agents. Blixseth claimed to be in email contact directly with many of them.

13 These government personnel knew that Edra Blixseth and her agents, including Michael
 14 Sandoval and past and present congressional leaders, were using her high level Bush Administration
 15 contacts to market and sell Montgomery's purported al Quaida/al Jazeera noise filtering technology
 16 in order to obtain the \$100 million dollar "black budget" Montgomery claimed was appropriated for
 17 his "noise filters." Montgomery/Blixseth and Sandoval kept Mr. Flynn *out of* the direct loop, and direct
 18 communication with the Bush Administration principals. If the purpose of the review and redaction
 19 process is to truly discover the scope and type of state secrets breaches, the government knows it should
 20 go directly to Montgomery's Blixseth's and Sandoval's computers. Mr. Flynn was out of that loop. Will
 21 all of these matters now just be swept under the rug?

22 The probability is that Edra Blixseth has settled the Trepp cases in order to avoid production
 23 and disclosure of her's, Sandoval's and Montgomery's computers. Although it would be her's and the
 24 Liner Firm's MO to *make huge promises* in order to accomplish settlement and shield the discovery of
 25

26 ² Ms. Klar had Crisman, (when he was still working for Edra Blixseth), testify under oath that
 27 he had "lost" his computer hard drive." Chances are it would be "found" if it was subpoenaed before a
 28 grand jury, if the government was truly interested in knowing Edra Blixseth's Israeli initiatives with the
 "noise filters" based on how well said "filters" allegedly worked *before* Montgomery left eTreppid. That
 information - how the filters were utilized by our government - was conveyed to any potential buyer.

1 their computers, (including the non-existent, fraudulent “noise filters”), the likelihood of her following
 2 through on the promises, but using the settlement terms and a later bankruptcy filing, is substantial.

3 The Court should cut through all of this nonsense now and order all computers, all electronic
 4 media, and all paper files to be reviewed *now*. Limiting review to Mr. Flynn’s files is akin to
 5 sidetracking on a stream off the Colorado river in order to find the Hoover Dam. Just go right to the
 6 Dam. It is at Porcupine Creek - Edra Blixseth’s Estate - where Montgomery currently works.

7 CONCLUSION

8 **1. The proposed order should include all parties and all of their files.** The current Order
 9 should be modified to include review of all electronic and paper files of the following individuals: Edra
 10 Blixseth, Dennis Montgomery, (and his two sons and son-in-law), Michael Sandoval, Chris Campbell,
 11 Steve Crisman, Nick Rhodes, Joseph Jonas, Congressman Dan Burton, Congressman John Boehner,
 12 and others.

13 **2. The proposed order should include all lawyers and all of their files.** In footnote 1 of the
 14 proposed stipulation, the government and the Montgomery parties, recite that the lawyers subject to the
 15 February 19, 2008) Order include Michael Flynn, Carla DiMare, Ron Logar and Eric Pulver.
 16 Remarkably, even though Deborah Klar and the Liner Firm have admitted to being in possession of
 17 Mr. Flynn’s emails with Montgomery containing state secrets that ended up in sealed pleadings, along
 18 with the attached, *still electronically unredacted attachments* . (See email exhibits referencing
 19 attachments thereto for the month of February, 2007 relating to the February 27, 2007 Montgomery
 20 declaration submitted in camera at the sanctions hearings held on August 21, 2008. The government
 21 now has these electronic files from which the paper copies of exhibits were made, as does the Liner
 22 Firm) The Liner Firm’s files should be subject to the February 19, 2008 Order.

23
 24
 25 October 27, 2008

Respectfully Submitted

/S/ _____

Michael J. Flynn